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Annuities flew off the shelves in second quarter, Limra says



Total U.S. annuity sales increased 22% to a record \$77.5 billion during the quarter, and fixed-rate deferred annuity sales jumped 76% from the year-ago period.

July 21, 2022 [By Gregg Greenberg](#)



Annuity sales soared during the second quarter, led by fixed-rate deferred annuities, as investors continued to seek investment protection in an unsteady equities market.

Total U.S. annuity sales increased 22% to \$77.5 billion in the second quarter, according to preliminary results from Limra's U.S. Individual Annuity Sales Survey. Limra said this marked the **highest quarterly sales** ever recorded since it began tracking annuity sales and was nearly \$9 billion above the previous record set in the fourth quarter of 2008 during the Great Recession.

Preliminary second-quarter 2022 annuity industry estimates are based on monthly reporting that represents 85% of the total market.

"Continued **equity market declines and rising interest rates** drove investors to purchase record-level fixed-rate deferred annuities in the second quarter," Todd Giesing, assistant vice president at Limra Annuity Research, said in **a statement**. "Our research shows fixed-rate deferred annuity manufacturers are, on average, offering interest rates more than four times that of a bank CD, which has made these products a tremendous value for investors looking for protection and growth potential."

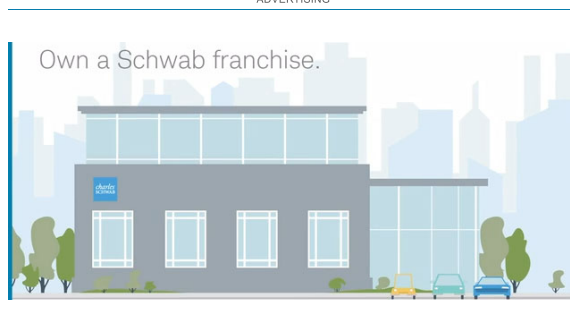
Total fixed-rate deferred annuity sales were \$28.2 billion in the second quarter, 76% higher than second-quarter 2021 sales, according to Limra. This is the best sales quarter for fixed-rate deferred annuities ever recorded. In the first six months of 2022, fixed-rate deferred annuities totaled \$44.1 billion, a 44% increase versus the same period last year.

Fixed indexed annuity sales also did well, totaling \$19.7 billion in the second quarter, up 19% from the prior year. Year-to-date, FIA sales were \$36 billion, a 20% increase from last year, according to Limra.

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"Both FIAs and fixed-rate deferred products benefited from the significant interest rate increases in the second quarter," Giesing said. "Coupled with a nearly 20% equity market decline, investors sought out principal protection and growth potential, which these products offer."

"Annuity sales continue to increase because clients crave the benefits they provide — risk management and certainty — which really can't be delivered through investments," said [David Lau](#), CEO of DPL Financial Partners. "Everyone enjoyed the ride on the bull for the last 14 years, but are now being reminded that there is risk in the market and that portfolios need to be augmented by insurance to manage risk."

Registered index-linked annuity sales also improved in the second quarter, up 5% to \$10.5 billion, Limra said.

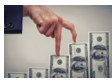
"Highly competitive rates in tax-deferred multiyear guaranteed annuities and the growing popularity of portfolio protection through registered index-linked annuities have driven much of the recent growth in annuity sales," said Michael Finke, professor at [The American College of Financial Services](#).

On the flip side, variable annuity sales fell 32% to \$15.4 billion in the second quarter, marking the category's lowest quarterly results since the fourth quarter of 1995. Year-to-date, VA sales totaled \$33.9 billion, down 22% from the same period in 2021, according to Limra.

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